



DEFENSE SECURITY COOPERATION AGENCY

WASHINGTON, DC 20301-2800

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MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Defense Security Cooperation Agency (DSCA) POM-07 Final Program
Decision Memorandum for Foreign Military Sales (FMS) Administrative and
Foreign Military Financing (FMF) Administrative Funding

This Program Decision Memorandum (PDM) for FMS and FMF Admin funding in Fiscal Years 2007 – 2009 provides funding levels and resource objectives in response to the Implementing Agencies (IA) POM-07 submissions. We request that IA's take action to align/realign resources and document those changes in the on-line PPBE Application, by claimant, program element, and object classification, no later than 1 August to ensure the data is in place for your FY-06 budget submissions in August.

The Programming Guidance, dated January 26, 2005, alerted the community to a new fiscal reality for FMS and FMF Admin, a reality in which we need to come to grips with an austere fiscal environment and past trends of Trust Fund expenditures greatly exceeding receipts. Our security cooperation community needs to resolve this deficit. Among the approaches we can take, three are prominent: (1) reduce spending, (2) increase revenues that are appropriate to the service we provide, and (3) eliminate wasteful processes. Accordingly, rather than give authority for additional expenditures, this guidance sets out a path to lower them. This guidance is in line with the objectives discussed at recent SC-5 and SCDF meetings, and complementary to the charter of the new Business Efficiencies and Action Team (BEAT).

Attachment (1) provides the targets for FMS and FMF Admin to contribute to reversing the deficit. It lists priorities for specific areas where our program review shows that efficiencies can be gained. These priorities are shown in more detail in Attachment (2), which gives the new targets by program element. With the Draft PDM on 02 June 2005 we provided you with a listing of DSCA responses your submissions – Zero Balance Transfers (ZBTs), Initiatives and Disconnects – and the percentage breakout of funding by core function.

I appreciate your continued hard work. This structured approach will continue to help us achieve our mission through the focused allocation of resources.

JEFFREY B. KOHLER
LIEUTENANT GENERAL, USAF
DIRECTOR

Attachments:

- (1) POM-07 Program Decision Memorandum Targets and Priorities
- (2) Revised FMS and FMF PDM Targets by Program Element

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